

# High Finance and Struggle for Trade After the War

BY CHARLES M. PEPPER.

High finance, it has been said, has no animosities. And international banking is assumed to be without national prejudices. Yet very definite hints are given at the European capitals that in the economic alliances which are to follow the war high finance and international banking will play a leading part.

These intimations draw attention to the degree to which English high finance has been dependent on German enterprise. Some of it goes back generations, but the German germs are there.

In the struggle for world trade after the war, outside of the commerce of the present belligerents among themselves and with what are now the enemy countries, South America is admittedly going to be the field of battle. It is there that Germany made her greatest advances, and it is there also that entrenched British trade has been most fearful of German competition.

The feeling among the great British houses in South America has been as intense as that among the British manufacturers who, years ago, began the agitation against articles "made in Germany." In the case of the United Kingdom there was a legitimate question of economic equivalence. It was whether the advantages of the market which Germany afforded for English products was equivalent to the market which the United Kingdom opened to German products in accordance with its free trade policy.

In the case of South America there was no such question. The southern continent, as one of the great open trading fields of the world, was neutral ground. But the characteristic Anglo-Saxon habit of regarding territory once occupied as by some sort of divine right—belonging to the British merchants, asserted itself.

British trade and British capital in South America resented every German investment, whether in the nitrate fields of Chile, in the public utility enterprises of the various countries, in the establishment of branch mercantile houses, or in banks and other financial institutions.

In the coming struggle to oust Germany from South America it is one of the anomalies of financial history that the agencies most relied on should be the great international banking firms whose founders were Germans.

In some cases the foundation is that of Germans, whose entrance into English lands does not go back more than half a century, but in other instances the origin is from a century or two centuries.

The European financial houses which have had most to do with the development of British interests in South



NATHAN MEYER ROTHSCHILD.

America are the Rothschilds and the Barings. The London house of the Rothschilds has financed Chile and Brazil.

Until the Argentine panic a quarter of a century ago, nearly precipitated a world panic the Barings were the financial mainstay of the Argentine republic. Their liberality carried the country forward too fast, but the assistance of the Bank of England and of the other big London banks saved the situation. Since then the Barings have not had the Argentine field so much to themselves, but they have nevertheless continued a very strong financial influence.

The Barings antedate the Rothschilds' entrance into English finance by more than a century. The history of the house is that of the rise of a

INTERNATIONAL Banking to Play Large Part in the Economic Alliances Formed When War Is Over—South America Predicted as the Field of Battle for Commerce—The Coming Effort to Oust Germany From the Southern Continent—The Development of Great European Financial Houses—The Rothschilds and Barings—The London House of Speyer.

mighty firm through humble industrial and commercial beginnings.

Bremen may be said to be the birthplace of the Barings, financiers, for it was there that the sons of the pastor of the German Lutheran Church were born. Their origin was Dutch rather than German, yet their history always is traced back to Bremen.

The German pastor's son, John Baring, followed in the wake of William of Orange to England and set up as a cloth manufacturer in Devonshire. His son, Francis Baring, became a merchant, then, as manager of the East India Company, the prince of merchants, until, in the latter part of the eighteenth century, he established himself as a great financier by virtue of his position as manager of the Bank of England.

Alexander Baring, the son, was the member of the family who came to the United States in the revolutionary period and made a large sum of money out of land speculation. It was, however, through his marriage into the Bingham family of Philadelphia that the enormous land holdings were acquired, many of which still remain in the family. Alexander Baring became the financial agent of the United States in England.

After Waterloo, when the French monarchy was in desperate need, he negotiated what was known as the French loan of 1818 in conjunction with the Rothschilds. This was said to be a triumph of financial diplomacy and enhanced the influence of the house of Baring. As Baron Ashburton, which was the title he assumed on entering the peerage, Alexander Baring continued his career as a financial diplomat, but the active work was passed on to younger members of the family, and it was through them that Canina's trade policy in South America, which was to obtain the commerce that had formerly been held by Spain, received much of the financial support that made it successful. Originally the South American investments of the Barings were modest, but they grew very rapidly.

The present generation has known the Barings more as procurers and diplomats in Egypt and India than as international financiers.

The London Rothschilds may have had some arrangement with the continental Rothschilds, but if so it was



SIR ERNEST CASSEL, A FRIEND OF BRITISH ROYALTY.  
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of a subordinate character, and did not destroy the paramount influence of the British house. When Berlin was allowed to enter the Chilean field by the French loan of 1818, it was Beaconsfield, the Deutsche Bank was the direct agent.

Leopold Rothschild, the senior member of the London house, a few months ago celebrated his seventieth birthday. On that occasion he gave utterance to some opinions about the war, and also told the legend of Waterloo and the entrance of Nathan Meyer Rothschild into England. He explained that the first news of the battle appeared in a Dutch paper, which was brought by a ship's captain in the employment of the firm to England, and was communicated by the firm to the British cabinet, which did not credit it.

The present head of the London Rothschilds has been quoted as saying that while his soldier friends had told him that the war was inevitable, he could not bring himself to believe it, because it was too great a calamity ever to occur.

Leopold Rothschild, as a British subject, with three sons in the army, could not be expected to doubt that the allies will win. His way of putting it is that England will have the money to win. His quiet opinion is based on a speech of Lord Beaconsfield, in which Beaconsfield asserted that if it were a great war, he would be certain to win because his finances were inexhaustible.

This assertion of Beaconsfield was

made half a century ago, when there was no German empire. Students of European diplomacy, however, may also recall that it was Beaconsfield who shaped British policy so that England became the protector of the Turk as a buffer against Russia.

One important banking firm, which is second only to the Rothschilds and the Barings in its South American interests, has been practically ostracized and has suffered some sort of government reprobation because of its influence in international exchange.

In view of its experience the attitude of this house, whenever the war ends, may be a little uncertain. It controlled one of the most profitable railways in South America, and the British investors who placed their money through it, and who drew 7 per cent dividends, while investors through other financial houses were receiving only 4 per cent, and sometimes nothing, may not be so willing to carry on a financial warfare against German financial ability. The same banking firm financed Cuban railways, which have been very profitable to

the British stockholders.

There is an anti-German league in England which has carried on a relentless war against German-born financiers who have become influential in public affairs and in finance. The league demanded that Sir Edgar Speyer be deprived of his position as a member of the privy council. British law, however, vindicated itself in the midst of war passions by holding that there was no distinction between an Englishman born and a naturalized British subject, so that the privy council could not be deprived of any of its members merely because they were naturalized.

The London house of Speyer, like the Rothschild house, originated in Frankfurt-on-the-Main. Edgar Speyer became something of a power in British public affairs, and was knighted by the liberal government. Notwithstanding the close association of the firm with the liberal ministry Sir Edgar Speyer found the situation so unpleasant that he came to the United States.

A born Englishman, who, partly because of his name and partly because of his official residence at Frankfurt-on-the-Main, became the subject of much disagreeable comment, is Sir Francis Oppenheim. He is not himself a financier, but he is one of the leading authorities on German finance. As

British consul at Frankfurt his reports on the economic development of the German empire and on its financial influence have been standard for students of Germany's development.

Three or four years before the war broke out when the campaign for a tariff against Germany was at its height, some of the newspapers published letters demanding why the British government kept a German as its official representative at Frankfurt. Sir Francis Oppenheim replied that he could not help his name, but that since he was able to show a direct English ancestry for more than 200 years he thought he was entitled to some consideration as an Englishman.

Sir Felix Schuster, who frequently visits the United States, and whose views on international finance are widely quoted, apparently has escaped some of the animosity which his name might be expected to draw down upon him.

Among the German financiers against whom the agitation of the anti-German League has been directed is Sir Ernest Cassel. His career has been a dazzling one, an spectacular as some of the South African mining millionaires who were born in Germany, but who became British subjects.

Sir Ernest Cassel was born in Cologne. His great fortune was built up as a contractor for public works in Egypt and other British dependencies. He became a British subject, and was knighted. It was said, as a matter of personal friendship on the part of King Edward, though he had rendered as much service to England in the way of constructive enterprises as any of the native born Englishmen who, from time to time were knighted for their services to the empire, and their liberality to the political party in England which knighted them.

When the plan was formulated for the establishment of a great British bank at Constantinople which would

strengthen British financial influence in the near east and would offset the influence of the Deutsche Bank of Berlin, the British statesman who favored the project turned to Sir Ernest Cassel. Some negotiations had been made in the plans for this financial institution when the politics of the near east checked them. Then came the war.

After the war, whatever may become of Turkey, British policy in the near east will require a strong financial institution. It is purely a speculative question, but one which, nevertheless, is full of interest, whether the British government will again turn to Sir Ernest Cassel. The present mood of the English people would seem to indicate that it will not, for he, like Sir Edgar Speyer, found it desirable to come to the United States while hostilities continued. It was currently reported that he had made a subscription of \$5,000,000 to the Anglo-French loan, and this report was commented on disagreeably by some of the British newspapers.

Sir Ernest Cassel has a son who is on the staff of the British command-in-chief on the western front. No one has questioned his loyalty to his adopted country, but if international financing is to be the mainstay of the economic alliances by which the present belligerents expect to continue the war after the military part of it is ended there still will be a disposition to eliminate naturalized British subjects. At least, that is the view now taken.

Another side of the question is whether some of these modern financiers who control large amounts of money, and who have a genius for international exchange and constructive financing will be content to remain idle. They are apt to find employment for their capital somewhere if their German origin bars them from England. Some of them may revert to Germany.



FRANKFORT-ON-THE-MAIN, BIRTHPLACE OF ANGLO-GERMAN FINANCIERS.

## Born a Peon, Francisco Villa Came Within a Step of Conquering Mexico

(CONTINUED FROM LAST SUNDAY'S STAR.)  
BY FRANCISCO VILLA.

PART II.

THE happiest days of my life have been since I joined the revolution of Francisco Madero, because then I was fighting for a cause I had always hoped in my thoughts to be able to battle for some day. It was the cause of the poor peons of Mexico, and Francisco Madero is still my leader, though dead by an assassin.

It is history how I joined the revolution of Madero, coming down from the mountains with my band which had been gathering, and it was really the first time since I was sixteen that I was not hunted by all the government with a price on my head. They say Mexicans cannot be trusted. I roved over northern Mexico for years and in my mountains with a price on my head and every man I met knew it, yet the poor people did not harm me, for they knew Pancho Villa was their friend and would always be their friend. They know it yet. See, I sit here in the window of this car where any assassin could shoot me, but I am not afraid. I have faced death too often. I will die when my time comes.

They gave me credit for shrewdness the first time I took Juarez when I had my army recruited. It was not shrewdness, but it was a trick of the hills, and a man must learn many tricks if he is to live while he is hunted for years. The federals were easy to beat in that Madero revolution, for they have their hearts in their work. Many of them wanted to see us win.

I was moving to attack Juarez when I met a federal band coming to reinforce the garrison in the border town. We held up the train and captured and killed the entire party. Then we took charge of the telegraph wires and began to send messages to the commandant of the Juarez garrison.

"We are on our way. Have not seen the enemy," was the first dispatch that I ordered sent over the wire, and I signed the name of the federal commander who was my prisoner.

"Will arrive with troops at 8 tonight," I ordered the telegraph operator to send later, again signing the name of the captured commander.

As we approached Juarez, I had my men ready for battle, but it was not necessary. The stupid federals suspected nothing, and we drove our troops right into the town. Even as my soldiers piled off, they were not suspicious until we ran down the main street and attacked all federal soldiers. The surprise was so complete not a shot went across the American border,

and the battle was over in half an hour and the town was quiet.

The only American hurt was a motor car. The only American who was standing in the road as my soldiers charged some federals who tried to make a stand. This American did not know we were attacking the town and was still sitting in his machine.

This attack was during the Huerta revolution, and I adopted a plan then which has since worked out well. I ordered all the federal officers shot and took into my army the privates who cared to join my cause, without penalty. This report soon spread, and it resulted well in my future battles. The officers never fought against me very hard, being ready to run when things looked tough, for they knew if they were captured they would be killed, and the private soldiers were willing to surrender and join me. I have always fed my men well and taken good care of them.

They have called me a killer, but I have never fought as have other revolutionary leaders, nor have I killed where it was not a necessity of self-preservation. Neither have I ever resorted to tricks such as Orozco of the adobe wall in front of a firing squad. Once he was in a battle near Jimenez along the railroad track with some federals. He needed time for his artillery to come up, so he took a locomotive and fastened two white flags to the front of it and sent it down the track toward the federals. The enemy had a train full of troops moving up the same track, and seeing the locomotive coming down with the white flag flying, the commander thought it was a truce party. The troop train puffed on toward the engine. I would have known, for I knew Orozco, the murderer of the hills.

Too late the federals saw the puffing locomotive was not going to stop. It crashed into the troop train and sent most of it to destruction, for the speeding locomotive had been filled with dynamite, and the two white truce flags were a disguise. The Red Flaggers had started it off down the track and then the driver had leaped off the running board before the locomotive gathered too much speed. That was the way Orozco fought. He was a killer. I only kill to save lives—as when I shot the officers.

I had not been in the Madero revolution long before Huerta showed his hand. After Francisco Madero had won his fight and had become president in Mexico City, Huerta, then a federal general, was sent north to put down the Orozco revolution, and I was attacked to his command.

When I was with Huerta I had one of my narrowest escapes from death, for I was actually backed up against the adobe wall in front of a firing squad when relief came. The trouble all arose over a blooded mare that belonged to me and which Huerta liked and wanted for his own.

There was trouble at that time between the federal regular soldiers and the volunteers, for the volunteers in the army were mostly revolutionists

that had fought against the federals in the Madero revolution. Huerta introduced me to the troops as Gen. Villa. He bribed the jailer to neglect me, and slipped out in the night and started north. That was a hard trip, for I must make my way through the section controlled by Huerta, but I knew the roads and the trails of Mexico, and once more my great energy and cunning saved me. There was no luxury

in that trip north. I did not travel as I do now. (Villa looked proudly around at the private car with his name glided on the side.)

I suppose you have heard how I started this revolution, after Huerta had murdered Madero. After my escape I tried to warn Francisco Madero, the martyr of Mexico, that there was a plot against him, but he believed in Huerta in control, I was out, for I had

no money and my followers had scattered. I went to El Paso, across the American border, and began to make my plans again. I had no guns, no horses and no cartridges then. But I had a thought buried in my mind: to beat the man who had murdered Francisco Madero.

In El Paso I began hiring horses at a lively stable there every day. Each day I hired a horse for two or three of my companions with me. First, only one accompanied me, and then two and then three. Each day I paid the owner of the lively stable, getting the money in some way, but getting it.

Finally, he trusted me so much he let me have seven horses one day, and with seven picked followers I crossed the Rio Grande, never to come back until I come as the conqueror of Juarez. That expedition started with seven men, seven horses and forty-seven cartridges. I have since paid the owner of the lively stable well for the horses that started me.

Those days in the hills were hard and food was short, but my friends and followers kept us from starving, even some Americans bringing food across the boundary to us. Mrs. Del Campo, an American woman living in El Paso and now at the head of my Red Cross in Mexico, brought food and supplies to us where we were hiding in the hills across the border.

First, Pancho Villa had seven men. Then he had a hundred. Next five hundred, and he dared attack towns. The people of northern Mexico, my people, began flocking to me, and my army was on its way. We took Chihuahua City, and we took Juarez. Carranza, who had held out against the Huerta government, was now in Chihuahua City, and he never yet been defeated, and the mistake I made was in trusting a man who wore whiskers like Carranza's. More men flocked to me than I could arm.

Throughout Villa's story it was evident that to him the most distasteful feature about Carranza was his whiskers. It was these to which Villa always referred in tones of disgust. At that time Villa had never been defeated in battle. Strange as it may seem, he has never won a battle since he was with Gen. Raoul Madero, with Villa at this time, has come to New York since he has told me that Villa often mentioned the fact he had never won after telling me this story of his life.

I caught Carranza now, I would not kill him. I would shave him, which would be a greater punishment, but he won't be caught, because he stays too far from where bullets fly. If he was shaved I would show his weak chin.

After taking Juarez my biggest battle was at Torreon, where we fought the federals for four days and won. Pancho Villa always wins. After that I went to El Paso, where I met Carranza, and we will win this war, too, and then I will retire to my house in Chihuahua City and leave Mexico to its

diately and return to my followers in the north.

Through Carlos Jauregui, a young Mexican, my escape was arranged. He bribed the jailer to neglect me, and slipped out in the night and started north. That was a hard trip, for I must make my way through the section controlled by Huerta, but I knew the roads and the trails of Mexico, and once more my great energy and cunning saved me. There was no luxury

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people, for I do not want to be president. Perhaps, then, I will also make a trip around the world.

Maybe I will be killed before the war is over, for Pancho Villa does not take any care of himself. He never sleeps now, for the old ways of the hills still stick to him, and he has his bodyguard, which is true.

(By his bodyguard, Villa meant Rodolfo Pardo, who was known as the butcher, because he did Villa's killing and delighted in the job. Pardo, like most of the followers of Villa, is now dead, although the "butcher" died a comparatively peaceful death for Mexico. He was killed by his horse while swimming a stream and drowned, and the strange part about it is that there is hardly water enough in all Mexico to drown a rat.)

My soldiers fight for me because I lead them, and do not ride in the rear in an ambulance, as do some generals. I always wake up early and go to bed early, for the old habits of the hills still stick with me. I arrived in Zacatecas early one morning, and before any of my staff was awake I rose and went out alone through the streets. One of my staff officers woke me and missed me. He called the others and they searched the town over, finding me talking to a poor peon and eating some tortillas and frijoles.

"You must be careful, my general," they warned.

"I am not afraid of an assassin," I told them. "I am not afraid of the Mexican people do not shoot in the back."

It was at Zacatecas I had one of my hardest fights with the federals. Carranza, even then, after I had won my victories for him, was trying to displace me, and he sent out a general to engage in that battle, and I let him go, for I knew what the dogs were after. He was being defeated when Carranza called up me, and I won by what has been called the "trap of Zacatecas." I drove the federals into a canyon and a large part of my army was ambushed. The federals were cut to pieces in the trap.

In my army the officers must lead, for I lead myself, and if a private soldier cowardice in battle, a private soldier can accuse him, and I will give a hearing. If I find the soldier is lying he is shot for I do not want any liars.

When I wish to take a certain position in battle I ask the officer who is to have charge of the attack on the position how many men he needs. Then I give him as many as he asks for within reason. And my orders are:

"Don't come back if you don't take it." If an officer says such a position cannot be taken, I take it myself and then shoot him for cowardice and lying to me.

When this war is over, I have great hopes for Mexico. First, I want to divide the land so that every peon can have his own plot and will not be a slave to the landlords, and then I want to see the whole nation united and ruled in the mountains of Durango and Chihuahua. I only learned to write my name less than a year ago. See!

(Villa proudly scrawled his name—Francisco Villa. He doesn't wear any middle one. I made up my mind to try

an experiment. I asked him to write it again and interrupted him in the middle of the process. He did not start where he had left off, but began at the front again. This grown man, then ruler of a state, was like a child in the kindergarten.)

Already I have sent many boys to school in Zacatecas, and I will send more yet. I am following the purpose of Francisco Madero, the martyr of Mexico. And when this work is done I will retire to my home in Chihuahua City and leave Mexico to its people.

That is the life of Francisco Villa. I have been shot four times—not in these wars, but when a fugitive in the hills.

A Villa's own story was opened with an editorial note by the writer. It might be fair to close with one, in view of the rapid changes since this story was told by Villa. He is not today the conqueror of Mexico, but is hunted by the armies of the United States. Americans when Carranza was recognized, I have it on high authority that he was promised Carranza would never be recognized by the United States, and that it was at Agua Prieta he determined to pursue his present course against Americans.

Villa moved his then fading force north to attack an inferior force of Carranzistas at Agua Prieta; he knew they could not get reinforcements through Mexico, and he did any good. As he marched into battle, he heard for the first time that the United States had permitted Carranza to enter the United States, and Villa had to retire to his hills. It was then he began his campaign of pillage and murder.

This is in no way a brief for the murderer. The facts are simply related as this girl wrote them in his attack on sleeping towns. It is the final kick of a proud man, beaten and returning to the animal again.

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Sure Thing.

CHARLES M. SCHWAB said at a dinner in New York:

"It's old-fashioned nowadays to believe that crookedness pays. We have no more crooked advertisements. We have no more crooked millionaires. We have no more crooked jokes. They're old-fashioned."

"What sort of a chap is your fiancé?"

"Oh," she answered, "he's the most honorable, upright, generous, godly fellow in the world."

"Goodness, you'll starve to death!" is what this girl would have been cynically told in the past; but the answer she got last week was:

"Then one of these fine days you'll be living in a white fifth avenue house with seventeen baths overlooking Central Park."

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FRANCISCO VILLA.